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INTERVIEW OF FINANCE MINISTER GRUEVSKI FOR MACEDONIAN TV

The raising of salaries of employees in the public sector will not result in an increase of the inflation rate, Macedonian Finance Minister Nikola Gruevski stated in an interview for the Macedonian TV Monday evening. He emphasized that the funds for salaries had been provided by the surplus of incomes in the budget in amount of Denar 1.2 billion, and that all measures that had been assumed were based on real bases and would not cause any negative consequences.

The Finance Minister stressed that the increase of salaries of employees in the public administration was not a marketing move before the elections, because that was planned 1.5 years ago, but because of last year's crisis, the realization of this plan was postponed. Referring to negotiations for a new arrangement with the International Monetary Fund, Gruevski emphasized that despite the fact that the IMF representatives praised the implemented reforms in the country, they did not want to sign a new arrangement because of the upcoming elections. "IMF rarely signs a new arrangement before elections. Despite of their announcements that they wanted a new arrangement, all indicators showed that they would sign it after the elections, when there would have a clear situation on the implementation of the agreed terms", Gruevski stated.

According to Gruevski, the IMF used the compensation of TAT depositors as an excuse for the non-signing of the new arrangement, adding, "if TAT was not the issue, they would have found another" for the postponement of the negotiations. He emphasized that this only postponed the signing of the arrangement for another few months, adding that the new negotiations would begin in October. Gruevski rejected the claims that the Government did not want to sign an arrangement with the IMF on purpose in order to thwart the control over budget before the elections.

Referring to the request of the craftsmen for exemption from procurement of fiscal registers, Gruevski announced that the money that they would spend on buying these

registers would be deducted from their tax. "They will practically receive the registers as a gift from the state", Gruevski said, adding that the craftsmen's argument on the high price of the fiscal registers "is shattered". He reminded that these registers had been introduced in all countries of Central and East Europe, adding that this measure that excluded the possibility for tax evasion was implemented with delay.

MACEDONIAN MINISTRY OF ECONOMY WILL STOP ISSUING IMPORT LICENSES

Starting from June 12, the Macedonian Ministry of Economy will stop issuing import licenses. "The state interference into economic matters, especially in the sphere of trade, will be restricted. Macedonia has already begun to coordinate its legislative with the rules and principles of the World Trade Organization (WTO)," Minister Fetai underlined at the conference on "Researches of the Domestic and Foreign Markets", held in Ohrid.

State's authorization, according to Fetai, will refer to anti - dumping prices only, if the situation on the market is assessed as unstable due to the outside subventions. He also said that in such case, the State would interfere in order to protect the domestic producers.

Having in mind the limits of the Macedonian market, the enterprises should seriously reconsider the possibility for their presentation at the foreign markets, where they would face tough competition. The import has to become the generator of development of the Macedonian economy. Furthermore, Fetai said that the Macedonian Government was taking concrete measures for opening new prospects for presentation of the domestic products at the foreign markets, through the free - trade agreements.

"MACEDONIAN RAILWAYS" AND "MAKSTIL" SIGN AGREEMENT FOR TRANSPORT OF GOODS

General directors of the "Macedonian Railways" and "Makstil companies from Skopje, Vladimir Sokolovski and Tomislav Kaev, signed one-year agreement for transport of goods on Thursday. The agreement foresees transport of 500,000 tones of steel and other raw materials for the needs of "Makstil" enterprise, which will provide profit of €5 million to the "Macedonian Railways".

"This agreement will improve the financial situation in the company, especially after the cancellation of the transport of crude oil after the opening of the oil pipeline," Sokolovski said. The "Makstil" leadership announced that in spite of the armed conflict in Macedonia in 2001, this company has produced 10 percent more steel than planned.

US DONATION OF US\$ 15,000 TO KINDERGARDEN IN KUMANOVO

The US Government through the US Agency for International Development (USAID) within the frameworks of the Community Self-Help Initiative donated US\$ 15,000 for equipment of "Sinolicka" kindergarten in Kumanovo. The donation provides furniture, technical equipment, toys, educational sources and books, with which the kindergarten with the daily capacity of 150 children is included in the project for children development "The Game unites us."

"FAS OCTOBER 11" WILL NOT BE SOLD TO THE BULGARIAN "MARINER"

The Board of Trustees of the bus factory "FAS October 11" rejected the proposal for selling the factory to "Mariner" from Bulgaria. The Trial Court Skopje 2 obliged the Assembly to submit a proposal for the future sale of the factory in period of 15 days. From the total members of the Board, 70.89 percent voted against the sale to the Bulgarian company.

"Mariner" offered €1.15 million for the production plant, which is far below the estimated value of €9.62 million. The tender for sale of the production plant was published in the Financial Times, while the tender for the other parts of the factory were published in the Macedonian press.

GOVERNMENT ADOPTS DRAFT-LAW ON SALARIES

On Tuesday, June 11, 2002, the Macedonian Government adopted the draft-law on salaries, worked out in compliance with the agreement between the Government and the Federation of Trade Unions of Macedonia.

GOVERNMENT SESSION OUTCOMES

At June 11, government session, presided by Prime Minister Ljubco Georgievski, the Macedonian Government reviewed and adopted supplementary to the budget for the year 2002. As stated in the announcement, expenses are

estimated at Denar 69,272,000,000, which is a net increase of Denar 2,962,000,000. The projected level of expenses is owed to the increase of the expenses for salaries, leases, fringe benefits, in accordance to the agreement with the Federation of Trade Unions of Macedonia (SSM) for determination of minimum salary and leveling of the employee's salaries in public sector, and accordingly pensions and fringe benefits on diverse bases with the average salary.

According to the law, the salaries in the economic sector in the past years have been accorded with the growth rates of life expenses, while starting from July 2001, they have been accorded with 50 percent of the growth rate of life expenses. Furthermore, salaries in the non-economic sector could be changed only in part of the growth rate of life expenses, which grew for 207 percent in the period between 1994-2001.

The increase of salaries of employees in the state administration and the public health sector will also mean an increase of the pensions, which would amount between 5-6 percent. The goal is to create a legal basis for continuation of the same policy in the payment of salaries, as well as creation of basis for immediate implementation of the agreement that was signed between the Government and SSM.

The Government also adopted a draft-law on indebtedness of the Republic of Macedonia with a credit at the Credit Bank for Reconstruction and Development for the Irrigation Project of the South Vardar Region, which has been approved by the German Government in amount of €6,646,794. The credit has been approved for the above-mentioned project, along with a grant for technical assistance to the Macedonian Government in amount of €1,533,875. The credit is approved at favorable conditions, with a 40-year payment period, including a 10-year grace period.

MINISTER FETAI AT WTO CONFERENCE IN ZAGREB

Macedonian delegation led by Economy Minister Besnik Fetai participated at the Ministerial Conference of the World Trade Organization in Zagreb, the Economy Ministry announced. The conference has gathered around 120 participants from 18 countries in Central and Southeast Europe, as well as officials of regional and international organizations. Croatia's First Deputy Prime Minister Drazen Budisa addressed the conference.

Opening the event, World Trade Organization (WTO) Director-General Mike Moore said the conference was an occasion for WTO members, as well as and for aspirants, to work together on the growth and development of the region and to take active part in a new round of negotiations on the further liberalization of the world trade. The Conference work was divided into four sessions focused on the trade challenges and investments, multilateral trade system, liberalization of regional trade and technical assistance.

The Macedonian delegation also had several bilateral meetings during the conference. During the talks between the Macedonian and Croatian delegations, led by economy ministers Besnik Fetai and Hrvoje Vojkovic, Croatia reaffirmed its support for Macedonia's integration within the WTO. They also offered expert assistance for resolving the current issues within Macedonia's negotiations for gaining membership in WTO. One of the topics for discussion was the text of the changes and supplements to the Free Trade Agreement between Macedonia and Croatia.

Macedonian Economy Minister Besnik Fetai and his Croatian counterpart Hrvoje Vojkovic signed agreement on amendments to the Free Trade Agreement. The agreement on amendments will temporary become effective on July 1, 2002 and will be fully enforced after they are ratified in the Macedonian and Croatian Parliaments.

€ 9.6 MILLION APPROVED TO STRUMICA MUNICIPALITY

The European Bank of Reconstruction and Development and the Macedonian Government have approved €9.6 million for solving the problems of water supply and wastewaters in municipality of Strumica. Out of the total, only €3.6 million are credit, with reimbursement period of 15 years and grace period of four years, while €5.4 million are grant of the European Bank of Reconstruction and more than €1 million of the Macedonian Government.

The feasibility study developed by the Duch company DHV encompasses several segments of the communal infrastructure: reconstruction and enlargement of the factory for production of clean and ozonized water, reconstruction of the old water supply network in the city, construction and equipment of filter station as well as collector for the waste waters of the industrial sector. These projects, aimed at overcoming the environmental problems in Strumica. are expected to be completed by 2005.

WORLD BANK IS SATISFIED WITH RESTRUCTURING OF ENTERPRISES IN MACEDONIA

Finance Minister Nikola Gruevski had a meeting on June 17, with the World Bank Director for Southeastern Europe Christian Portman, focused on the new bank's program for Macedonia. The officials also discussed the release of the second installment of the FESAL-arrangement. "I cannot tell you the exact date. However, it is not important whether the installment will be released today or tomorrow, but that the program for reconstruction of enterprises is making progress," Portman said. Answering to journalist's question, he said that the public administration reform was not addressed at this meeting. The talks referred to the next year's World Bank program for Macedonia, Portman said.

The Finance Ministry said in a press release that Portman expressed great satisfaction with the realization of the project FESAL-2 for financial restructuring of enterprises, whose goal is to launch many reforms in banking system, payment operations, legal framework for introduction of direct foreign investments and resolving the status of the largest loss-making companies through privatization. He also expressed satisfaction from the progress achieved by the Macedonian Government in regard to the reforms in the public administration, for which the World Bank approved US \$15 million.

The emphasis was put on the Poverty Reduction Strategy, developed by a Macedonian expert's team in cooperation with a World Bank team. The final text of this strategy will be soon published. Regarding the World Bank program for financing projects that are in the interest of the Republic of Macedonia, Gruevski and Portman reviewed a list of possible projects that could be financed by the World Bank. The World Bank is also developing a new one-year program for support to the transition, according to which Macedonia will receive assistance of \$50 million for various projects.

INFORMAL MEETING ON SUCCESSION OF FORMER YUGOSLAVIA PROPERTY

The Committee for succession of the former Yugoslavia's property held its first informal meeting in Skopje on June 17, 2002. Vice-Premier Zoran Krstevski, chief of the Macedonian negotiating team, said that the meeting was informal because all successor countries have not ratified the Succession Agreement, signed last year.

"This Committee is entitled to convene informal meetings and discuss on any problems that other committees have been facing, " Krstevski said, expressing satisfaction that Macedonia, as the first country that ratified the agreement, hosted this meeting. Today's discussion was focused on the ratification process in other successor-countries, results of the separate committees' work and plan for the future activities. Next meetings would be organized in accordance with the need and the Succession Agreement, Krstevski said.

PRICES OF INDUSTRIAL PRODUCTS IN MAY

According to the data from the State Statistics Bureau, the production prices of the industrial products in May 2002 were higher by 0.3 percent compared to April 2002. Compared to the average of 2001, they are higher by 0.1 percent and to the same period of last year - lower by 0.2 percent.

COMMITTEE FOR SUCCESSION OF DIPLOMATIC PROPERTY OF FORMER YUGOSLAVIA IN SESSION

The Committee for succession of the consular-diplomatic property of the former Yugoslavia held its fourth meeting in Skopje on Tuesday, June 18, 2002. As Viktor Gaber, state advisor in the Macedonian Ministry of Foreign Affairs said, significant progress was achieved at the meeting. He stressed that certain solutions have been found, which will enable implementation of the agreed succession of the diplomatic and consular property. The lists of the artworks in the diplomatic and consular buildings were also reviewed.

Gaber reminded that according to the succession agreement, Macedonia should receive 8 percent of the total diplomatic property of former Yugoslavia. The next meeting of the Committee will take place in Belgrade in mid-September.

As MIA finds out from sources in the Ministry of Foreign Affairs, at the meeting the Macedonian team submitted a request for the embassies in Canberra, Brussels, Athens and Copenhagen. As officials from the ministry said, Macedonia has good chances to receive these buildings. Regarding the artistic works, Macedonia considers the paintings of Lazar Licenovski, Nikola Martinovski and Vangel Kocoman for its national treasure.

ANNOUNCEMENT BY THE MINISTRY OF FINANCE

The Public Revenue Bureau pressed criminal charges on tax evasion against 365 persons, the Ministry of Finance announced. Almost half of the total number of criminal charges was accepted and appropriate decision was reached. The public prosecutors requested further information about 85 persons and 18 charges are not settled yet. Only 87 charges were rejected.

"Considering the fact that numerous criminal charges were pressed in a short period of time, this is a positive outcome. Thorough and comprehensive activities are continuously undertaken in order to detect the tax evasion, to examine the quality of the evidence for pressing the charges and to enhance the cooperation in that respect. Even more efficient results are expected in the next period," reads the announcement.

MINISTER FETAI ENDS NEGOTIATIONS ON MACEDONIA'S INTEGRATION IN WTO

Macedonian Minister of Economy and National Coordinator for Macedonia's integration within the World Trade Organization (WTO) Besnik Fetai, successfully completed the bilateral negotiations with USA, Australia, Canada, Japan and the European Union and expressed satisfaction that the country is practically just about to join WTO. "We fully realized the Action Plan developed within the Ministry of Economy," Minister Fetai said for MTV, emphasizing that Macedonia will become WTO's member country by the end of September 2002.

Fetai also informed that another informal meeting should be held by mid-July and afterwards the report on joining the organization would be signed. "Only some technical supplements to the documents are left, prior to the formal admission of Macedonia in the World Trade Organization," Fetai said.

A €20 MILLION EIB LOAN

Finance Minister Nikola Gruevski and general managers of Komercijalna Banka and Stopanska Banka Hari Kostov and Gligor Bisev signed the agreements for realization of the loan from the European Investment Bank in amount of €20 million on Monday. The two banks complied with all necessary preconditions in order to be able to propose projects for financing in the framework of this credit line.

The loans will be aimed at carrying out different kinds of projects in the industry, service sector and tourism, and will be realized by private and public enterprises, as well as infrastructure projects, which are proposed by communities, private and public enterprises. Projects in the health and education can also be considered. This credit line should provide support for the development of the SME sector under favorable financing terms and interest rates.

AN "E-DECLARATION" SUBMITTED TO THE PARLIAMENT

The members of the working group for information society submitted an "E-declaration 2002" to the Macedonian President Boris Trajkovski. The E-declaration includes recommendations for faster development of the information society and the digital economy in the Republic of Macedonia as national priority. President Trajkovski supported the "E-declaration 2002", which was also submitted to the parliament chairman Stojan Andov by the MPs Danilo Gligorovski from VMRO-DPMNE and Jani Makraduli from the SDSM. The parliament is due to adopt the "E-declaration" on its next session.

MACEDONIAN PARLIAMENT ADOPTS BUDGET REBALANCE FOR 2002

Macedonian Parliament on its 110th session adopted the changes and supplements to the Macedonian Budget for 2002. The Parliament also adopted the corrections to the Law on Budget Execution, the Law on salaries, the Law on limitation of source revenues for financing public needs for 2002, and to the Law on budgets.

The rebalance of the Budget aims to correct the salaries of the public administration following the agreement on determining the lowest salary in the country. The rebalance also foresees raise in the pensions, the scholarships and student credits, as well as providing funds for the reserves of the security forces and for sheltering the internally displaced persons. The funds will be provided through the Value Added Tax, the Tax on Financial Transactions as well as the restrictive budget policy in Macedonia.

MINISTER FETAI HOLDS PRESS CONFERENCE

"The Republic of Macedonia is ready to join to the World Trade Organization," Minister of Economy Besnik Fetai said at a press conference on Thursday, June 27, 2002. He underlined that the negotiations that lasted for seven and a half years are finally over and in mid-September

Macedonia should become a WTO member. "If Macedonia misses this opportunity to enter in the WTO it will have the next chance in three to four years," he said.

Speaking about the advantages that Macedonia would get from the entry in the WTO, Fetai said that most important was the principle of non-discrimination. "Our goods will not be discriminated on the world markets and the foreign goods will have equal treatment on our market. Macedonia issued certain concessions for the other countries, and our producers will also use concessions in the other countries," he said.

Speaking about the unification of the international trade rules, Fetai pointed out that 23 changes and supplements to numerous economic laws are in assembly procedure, adding that these amendments should be adopted by the end of this week. "Macedonia cannot become a WTO member without these laws," he said.

"Macedonia successfully completed the bilateral agreements with the neighboring countries, which makes it leader in the region," Fetai said, adding that a free trade agreement would be signed also with Romania. He also pointed out that in July Macedonia would sign a free trade agreement with the EU, but only in regard to the services, because the other sectors are regulated with the Association and Stabilization Agreement.

Minister Fetai put the emphasis on the development of the national strategy for development of the small businesses, and in that framework the development of the draft-law for small and medium enterprises. "With these measures we open a vast market and we create a legal framework for integration in the WTO, and the WTO member countries will not be able to oppose embargo on Macedonia" he said.

Regarding the sale of the loss-making companies, Fetai reported that SASA mines would be sold next week. The tender for sale of the bus factory "October 11" will be repeated and four companies are interested to purchase the "Nova Makedonija" publishing house. As to the second part of the FESAL 2 arrangement, Fetai reported that the World Bank has set some additional conditions, adding "I believe that we have fulfilled 99 percent of the conditions for withdrawal of the second installment of the FESAL 2."